
Maintenance of Effort Update

**Presentation to the Joint Legislative Workgroup to
Study State, County, and Municipal Fiscal
Relationships**

**Department of Legislative Services
Office of Policy Analysis
Annapolis, Maryland
December 2010**

Maintenance of Effort Recommendations

Fall 2009

Alter the waiver application

- County application deadline: Seven days following the end of session or May 1, whichever is earlier
- State Board of Education decision deadline: June 1 or 45 days after receipt of the application, whichever is earlier

Codify factors for granting waiver

- external environmental factors such as a loss of a major employer or industry
- tax bases
- rate of inflation relative to growth of student population
- maintenance of effort (MOE) requirement relative to the county's statutory ability to raise revenues
- history of exceeding required MOE amount
- agreement between county government and school board
- broad economic downturn
- significant reductions in State aid to counties and municipalities

2010 General Assembly Actions

- Chapters 73 and 74 of 2010 waived the penalty for not meeting the maintenance of effort requirement for fiscal 2010
- SB 310/HB 304 introduced to implement the workgroup's recommendations

House and Senate Third Reader Versions of the MOE Bills

- Senate acted favorably on SB 310 as introduced
- House amended HB 304:
 - shifted responsibility of granting waiver from State board to State Superintendent
 - April 20 deadline for county applying for a waiver
 - 30-day decision deadline, or May 20
 - established appeal process to the State board
 - one year delayed implementation of any penalty for not meeting MOE
 - reporting requirement
 - sunset provision

Conference Committee Appointed

Modifications to SB 310

- State Superintendent provides the State board with a preliminary assessment of waiver applications
- Accept the House amendments as to application and decision deadlines
- Accept House amendments adding reporting requirement and sunset provision

Conference Committee report was not adopted in both houses prior to *sine die*

Fiscal 2011 MOE Waiver Requests Granted

- Montgomery and Wicomico counties requested waivers
- State board considered the additional factors that the workgroup recommended:
 - both counties had a history of exceeding the required MOE amount
 - both county school boards supported the waiver request
- Montgomery County granted a waiver of 8.9% of fiscal 2011 MOE amount; Wicomico granted a 15% reduction
- In January, MSDE will determine if any other counties will not meet MOE for fiscal 2011

Fiscal 2012 MOE Requirement

- Montgomery and Wicomico MOE requirement will be based on fiscal 2010 funding per pupil
- Any increases in total MOE funding that both counties must provide will depend on any increases in enrollment
- These counties and others may apply for MOE waivers in fiscal 2012